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Ga. to bill estates for Medicaid

Assets to repay cost of long-term care

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If Georgia's Medicaid program pays for your nursing home care, the state plans to collect that cost from your estate.

Starting in August, the state will seek repayment for Medicaid services by going after the homes and other assets of individuals who receive long-term care. In some cases, the state also will place liens on homes before recipients die.

State officials say a tight budget prompted them to take this step, and that they are doing what's required by federal law. Georgia is one of the last states in the nation to recover Medicaid costs in this way.

The General Assembly approved "estate recovery," part of Gov. Sonny Perdue's budget plan for the upcoming fiscal year. The rules are expected to be finalized in July. The Department of Community Health's board will hear public comment on the proposed regulations June 24 in Atlanta.

Georgia will seek repayment of Medicaid benefits received by individuals 55 and older, as well as younger recipients who lived in a nursing home or other institutions for at least six months.

About 39,000 Georgians age 55 and older in a year receive nursing home coverage through the Medicaid program, which covers 1.4 million low-income residents in the state. Another 15,000 Georgians in that age group who receive other types of Medicaid long-term care — community or home-based services — will be affected by estate recovery.

Medicaid coverage goes to people who couldn't otherwise afford long-term care. To qualify, an individual can have no more than \$1,690 per month in income and a maximum of \$2,000 in the bank. They can own a car and home and still qualify for Medicaid.

Medicaid is by far the biggest payer of nursing home bills in Georgia. Medicare, the federal health program for Americans 65 and older, provides only limited coverage for long-term care.

By targeting low-income older people, estate recovery will turn Medicaid coverage into a "predatory loan," says Martha Eaves, 87, of Conyers, a consumer advocate. "It's the only Medicaid program that requires a repayment." Snellville resident Mike Stock, who recently moved his wife, Karen, 58, into a nursing home, fears his family will be among those affected.

Karen Stock suffers from multiple sclerosis, kidney failure and diabetes. Mike Stock, 61, says his wife soon will qualify for Medicaid to help pay her nursing home costs.

Under the state proposals, the state could collect money spent on Karen Stock's care from proceeds from the sale of their home, after she and her husband die.

'This is wrong'

Under that scenario, Mike Stock, who has an adult son, says, "I have nothing to pass along to my heirs. It's just horrible. This is wrong.

"We pay taxes; we gladly pay them," says Stock, who quit work 10 years ago to care full time for his wife.

Georgia officials say they expect to collect \$5 million the first year from the estates of Medicaid recipients. But they don't have an estimate of how many estates would provide that amount. Eventually, tens of thousands of estates could be affected by the program.

Medicaid has struggled financially for several months. The program ran out of cash during the General Assembly session, and a special appropriation was needed to bail out the program.

The state spends an average of \$20,000 per Medicaid recipient each year on nursing home care, and about \$6,900 for other long-term care, according to the Department of Community Health, which runs Medicaid in Georgia. But only a small fraction of this spending is expected to be collected. Georgia won't pursue the estates of people who have \$10,000 or less in assets, officials said. Estates will not be touched while a beneficiary's spouse is alive or if they have children under age 21, among other exceptions.

Georgia's proposed rules would allow it to recover the costs of nursing home and other long-term care dating to August 2001.

Medicaid is jointly funded by the federal government and the states. In Georgia, for every \$1 the state spends for Medicaid, the federal government spends \$1.67. About 60 percent of the money recovered from estates in Georgia will go to the federal government.

Other states have pursued Medicaid repayments with varying degrees of success.

Florida recovered almost \$11 million from 728 estates in fiscal 2002-03, far less than it spent on the care of those deceased beneficiaries. The amount Medicaid pays in long-term care for a beneficiary typically exceeds the available assets in that person's estate, Florida officials say.

Tennessee recovered \$3.1 million in fiscal 2002, but, after adding more staff and a tougher new regulation, expects to recover more than \$5.3 million in 2003. The average collection per estate in Tennessee is about \$25,000, says Tom Mathis, director of TennCare Program Integrity Unit.

"One estate was close to \$200,000," Mathis said. "Their homestead was a valuable piece of property."

Law ignored in past

A 1993 federal law required states to recover Medicaid payments for services to people 55 and older after their deaths. Until now, Georgia has ignored that requirement. In 1998, the state proposed collecting the money but quickly retreated, fearing a public outcry.

Georgia officials say it was time to follow federal law. "We're moving ahead with estate recovery to comply with the federal guidelines and regulations," said Loretta Lepore, a spokeswoman for Perdue.

The collections would occur typically after the sale or transfer of the property of the deceased Medicaid beneficiary. The state would send out a notice of payment due after the death, and then would file a claim against the estate for the amount of care delivered, officials say. The state won't take action for at least six months after notifying the estate.

The state itself will not sell property.

The nursing home industry predicts estate recovery will create "a public relations nightmare" for Georgia.

"The asset recovery will be a problem because of the family and people who will inherit this property," says Fred Watson, president of the Georgia Nursing Home Association. "They won't understand this. It never has been done before. They're going to view it as big government taking their property."

Experts have warned that the Medicaid collections might prevent people from seeking the care they need.

"I'm assuming it will discourage people who need long-term care services from applying for Medicaid," said Becky Kurtz, the state's long-term care ombudsman. "They'll be afraid of the impact on their heirs."

Right now, very few Georgians in long-term care or their families are aware that estate recovery is coming, Kurtz says.

In other states, many people avoid or minimize estate recovery through legal maneuvers, such as transferring property to relatives, experts say. "People need to call a lawyer, or their local Area Agency on Aging, to get counseling on these issues," says David Pollan, an Atlanta elder-law attorney.

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