

# **SB 33: Medi-Cal Recovery**

## **Why We Need to Support SB 33 (Hernandez) Medi-Cal Estate Recovery Reform – Good Policy for California and Good for California’s Future Generations**

California’s Medi-Cal Recovery program requires the state to place a claim on the estates of those who received Medi-Cal benefits when they were 55 years of age or older to recoup benefits paid, regardless of the type of medical services received.

This mandate is somewhat unique to California. Federal law does not require California to place claims on the estates of surviving spouses. Federal law does not require California to collect for optional benefits for those 55 and over. While other states have limited recovery to long term care and institutional services, California has maintained one of the most aggressive recovery programs in the country.

The result of this aggressive Medi-Cal recovery program has been an inordinate burden for the families of California’s low-income Medi-Cal beneficiaries.

- Medi-Cal beneficiaries cannot have more than \$2,000 in liquid assets in order to be eligible. Thus, for most beneficiaries, the only asset they leave in their estates is a home.
- Low income and minority Medi-Cal beneficiaries are disproportionately impacted by Medi-Cal recovery, not only because they are not adequately informed of their rights, but also because they can rarely afford the \$300/hour attorney fees required for adequate representation to appeal estate recovery claims.
- This inequitable recovery system results in heirs and family members of deceased Medi-Cal beneficiaries in low-income communities having to sell their homes to pay off the estate recovery claim or sign a “voluntary lien” at 7% interest, so that the state of California can collect on the estate when they die.

The amount of funds that California’s Estate Recovery Program generates for the General Fund amounts to less than 1% of what California spends annually on Medi-Cal. The burdens of California’s current recovery system far outweigh the benefits. Generations of families lose their family homes, simply because they did not know their rights.

The reality is that California’s recovery program contributes to creating a new generation of beneficiaries by forcing them to sell the family home or make monthly payments while charging usurious interest rates.

Under the current system, Medi-Cal is hardly a benefit for anyone 55 years of age or older. It is a very expensive health care loan.

We need to invest in the future for low-income Californians, and not continue to deny them the right to inherit the family home simply because their parents were not aware of their rights and were too poor to afford health care. We need to support SB 33.

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