

To:  
From:  
Date: March 6, 2007  
RE: Medicaid Estate Recovery Update

Medicaid Estate Recovery is a program that requires the state to "recover" Medicaid funds expended for long term care services from the estate of a deceased recipient. In most states it has raised very little funds while placing a large emotional burden on Medicaid long term care recipients and their families. Moreover, unintended consequences of the program include state ownership of blighted property, a probability of local tax foreclosures and delays in accessing needed long term care services because of fears regarding having the state seize the family farm or home. We need your help in keeping Estate Recovery from becoming law in Michigan.

The Governor's Department of Community Health budget proposal for 2007-2008 includes a \$10 million estimated savings due to the implementation of a Medicaid Estate Recovery program. Of that amount, approximately \$4.5 million is expected to go to the General Fund, with the remainder going to the federal government. Governor Granholm has included savings from a Medicaid Estate Recovery program in previous budgets as well, but the program has yet to be implemented. Although some form of estate recovery is federally required, the 49 other states have varied tremendously in how they have complied. The Medicaid Long Term Care Task Force had proposed as an alternative an insurance-like "Estate Preservation" program.

This year, two sets of bills have been introduced which reference a new Medicaid Estate Recovery program. House Bills 4269 and 4270, sponsored by Representative Aldo Vagnozzi (D-Farmington) and Senate Bills 203 and 204, sponsored by Senator Mickey Switalski (D-Roseville) are identical and both make reference to a Medicaid Estate Recovery program. The House bills have been referred to the House Judiciary Committee, and the Senate bills have been sent to the Senate Appropriations Committee. It should be noted that the House bill sponsor, Representative Vagnozzi, upon learning more about the negative aspects of Medicaid Estate Recovery, has asked the Chair of the Judiciary Committee not to take them up.

The Elder Law and Disability Rights Section of the State Bar has once again taken the lead in opposing the implementation of a Medicaid Estate Recovery program. We are working to re-establish a coalition of groups to oppose the creation of a Medicaid Estate Recovery program in Michigan. ELDR members are encouraged to contact their State Representatives and State Senators and ask them to vote against the creation of a Medicaid Estate Recovery program in Michigan. We also ask you to generate letters of opposition from clients and community members and to thank Rep. Vagnozzi from asking that his bills not to brought up.



**AREA AGENCIES ON AGING ASSOCIATION OF MICHIGAN  
ASSOCIATE MEMBER NEWS  
Week of February 26, 2007**

*"What's on the list?"* . . . is the question in the air, referring to the list of \$850 million in budget cuts for this fiscal year developed by the Senate Republicans. The Michigan Senior Advocates Council, a group of senior leaders and activists from across the state, visited Senators' offices in person this week and posed the question. The answers were intriguing, with one Senator claiming there is no list, but most acknowledging its existence. None were willing to share the list, but one Senator reported that the MI Choice waiver is on the list.

Senate Majority Leader Mike Bishop (R-Rochester) says the list won't be made public until after a meeting takes place to discuss cuts with Governor Granholm. But Granholm says the list should be revealed because the public has a right to know and give input. This game of 'chicken' is making aging advocates nervous, since state funding for aging programs is not mandated by the Constitution or by law and most of it comes out of the shrinking general fund.

*Testimony on the Medicaid budget* . . . was held this week by the House DCH Appropriations Subcommittee, chaired by Representative Gary McDowell (D-Kincheloe). Several people testified on the subjects of MI Choice and estate recovery. Delores Coulter and John Payne, representing 1700 attorneys in the Elder Law Section of the State Bar, strongly supported the increase in MI Choice recommended by the Governor, pointing out the program has been frozen for many years. But Coulter was strongly against the implementation of estate recovery, saying the Elder Law section supports an alternative called estate preservation.

Representative Bruce Caswell (R-Hillsdale) expressed concern about MI Choice serving clients that cost more than a nursing home, stating that the state of Vermont saw home care costs rise from 60% of nursing home costs to 80% of nursing home costs, as the result of high-cost cases. Caswell commented about reading that nursing home patients in Michigan are worse (higher acuity) than in other states. He also expressed concerns about the quality of some home care. McDowell opined that he believes in home care and it's better to care for the elderly at home because people are happier at home.

Attorney Brad Vauter testified from Elder Law of Michigan, a legal hotline handling 5,000 - 7,000 calls a year from older adults. Vauter also supported the MI Choice increase and shared that calls come in complaining about the long waiting list for the program. He also said callers are worried about estate recovery and 'do stupid things' to avoid it. Jackie Day, an advocate and MI Choice Waiver client testified that there are "no disposable citizens," in a reference to the elderly and people with disabilities. She testified against the idea of increasing copays under Medicaid, saying that she spends \$60 out of a \$600 monthly income on drug copays. Another hearing to gather testimony on Medicaid is scheduled for next Monday, March 5, from 9 am to 12 noon in Room 351 of the State Capitol.

**UPDATE ON THE AAAAM ANNUAL CONFERENCE** – We're pleased to announce that our keynote speaker will be Josefina Carbonell, HHS Assistant Secretary for Aging. Carbonell was appointed in 2000 by President Bush. Also featured – Charlie Sisson from Massachusetts, President of the National Association of Area Agencies on Aging. Call the AAAAM office if you're interested in being a sponsor.

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