



FEB 11 2011

Senate of Pennsylvania

MEMORANDUM

TO: ALL SENATORS

FROM: SENATOR CHARLES T. McILHINNEY, JR.

Charles T. McIlhinney, Jr.

DATE: February 11, 2011

RE: **Co-Sponsorship Memo #6 – Medicaid Estate Recovery Program**

I the near future, I plan to introduce the attached resolution directing the Legislative Budget and Finance Committee to study the Pennsylvania Medicaid Estate Recovery Program to determine the program's effectiveness in recovering monies to the Commonwealth.

This study is necessary due to the fact that federal law allows for considerable discretion in the design and scope of the estate recovery program. I believe a study to determine the current program's effectiveness is crucial given the huge budget deficit we face in Fiscal Year 2011/12.

If you would like to co-sponsor this resolution, please call my office at 7-7305 or email Monica Riddle at mriddle@pasen.gov.

CTM:gr

A RESOLUTION

1 Directing the Legislative Budget and Finance Committee to study
2 the Pennsylvania Medicaid Estate Recovery Program to
3 determine how much is recovered through the program and if
4 further changes to the system are needed in order to return
5 funding to the Commonwealth.

6 WHEREAS, This Commonwealth is faced with a severe economic
7 downturn, a State budget deficit estimated at between \$1 billion
8 and \$2 billion, double-digit rate increases in health care
9 costs, a growing number of people who need long-term care and an
10 escalation in Medicaid costs; and

11 WHEREAS, Medicaid is the second largest budget expenditure
12 after basic education and has increased more than 50% between
13 fiscal years 2000 and 2007; and

14 WHEREAS, The demand for long-term services continues to grow
15 as this Commonwealth's population ages; and

16 WHEREAS, Medicaid is a major payer for long-term care
17 facilities; and

18 WHEREAS, Federal law requires states to seek recovery for
19 payments made for nursing home facilities, home and community-
20 based services and their related hospital and prescription drug

1 services; and

2 WHEREAS, Federal law allows considerable discretion in the
3 design of estate recovery programs, allowing states to decide
4 such parameters as the targeted population, scope of recovery,
5 minimum estate and claim thresholds, exemptions, hardship waiver
6 criteria and operations; and

7 WHEREAS, Faced with burgeoning costs and pending budget cuts,
8 it is prudent to ensure that this Commonwealth is doing all it
9 can to recover the taxpayer's money invested in Medicaid; and

10 WHEREAS, Budget quick fixes and one-time savings will be more
11 difficult to identify in order to maintain services to this
12 Commonwealth's neediest residents; and

13 WHEREAS, Estate recovery programs provides a cost-effective
14 way to offset State costs; therefore be it

15 RESOLVED, That the Senate direct the Legislative Budget and
16 Finance Committee to study Pennsylvania's Medicaid Estate
17 Recovery Program to determine if further changes to the program
18 can be implemented to maximize estate recovery, to compare
19 Pennsylvania's rate of return to other states, to ensure
20 compliance with Federal law, to make recommendations on changes
21 to recover additional moneys and to report on how Pennsylvania
22 currently uses money collected through the Medicaid Estate
23 Recovery Program; and be it further

24 RESOLVED, That the Legislative Budget and Finance Committee
25 issue a report of its findings and recommendations to the Senate
26 no later than July 1, 2009.