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Contact:

Greg Turner, Ball Consulting Group, LLC
Phone: 617-243-9950; Email: greg@ballcg.com

BCBSMA Foundation Report Calls for Further Reforms to MassHealth Estate Recovery Process

Policy Options Would Build on Efforts to Reduce Impact on Marginalized Communities

BOSTON (Feb. 7, 2024) – The [Blue Cross Blue Shield of Massachusetts Foundation](#), a nonprofit grantmaking and research organization, has released a report that analyzes how MassHealth’s estate recovery policies affect members and, upon their death, their surviving families, particularly in marginalized communities. The Foundation offers additional reforms that could help reduce negative impacts, such as requiring the sale of a family home.

The report, titled “Holding on to Home: A Primer on MassHealth Estate Recovery and Options for Reducing its Impact on Members and Families,” was commissioned by the [Massachusetts Medicaid Policy Institute](#), a program of the Foundation, and produced by [Aurrera Health Group](#).

Federal law requires states to recoup costs from certain Medicaid members’ estates – the money and possessions left after someone dies – if they received long-term services and supports (LTSS), such as care in a nursing facility or at home. But some states, including Massachusetts, exceed the federal minimum and recover the cost of all Medicaid-covered services that are provided to members over age 55. This means far more members are affected because it is not just limited to those who use LTSS.

MassHealth instituted reforms in 2021 that created additional hardship waivers available to families and reduced the number of estates subject to recovery, lowering its gross collections to an estimated \$23 million. Prior to these reforms, Massachusetts recovered more from member estates than any other state, prompting criticism that the policy was having an outsized burden on low-income families. Critics of the current policy argue that estate recovery can reinforce cycles of poverty and prevent families from creating generational wealth, since the process often forces the sale of the deceased member’s home to pay off the Medicaid-related debt.

“Our analysis provides a deeper understanding of how the estate recovery process has the potential to perpetuate wealth disparities and intergenerational poverty,” said Audrey Shelto, President and CEO of the Blue Cross Blue Shield of Massachusetts Foundation. “Massachusetts now has the opportunity to consider additional reforms that will help reduce disparities and financial distress for families.”



The report outlines several options for further reform of MassHealth’s estate recovery program, including:

- **Prohibiting estate recovery for non-mandatory services** for individuals age 55 and over, meaning the state would only seek to recover LTSS-related costs and not those for services that the federal government does not require to be included in estate recovery. This option would require legislative action.
- **Establishing additional hardship criteria**, such as exempting homes of modest value or assets that are the sole income-producing asset of a family.
- **Waiving the first \$25,000 in value** of any estate subject to a recovery claim.
- **Providing information on MassHealth’s estate recovery program in multiple languages**, which would enhance education and accessibility.
- **Educating advisors who help individuals enroll in MassHealth about estate recovery** to improve understanding of the program and the availability of hardship waiver options.
- **Publishing an annual report on the impacts of the estate recovery program**, including data on hardship waivers.

This would build on the reforms that MassHealth has already made while providing additional relief for members, families and marginalized communities. Accompanying the report is a set of profiles of Massachusetts residents who were negatively impacted by the estate recovery process.

“As these stories demonstrate, the emotional and financial consequences for the low-income families facing MassHealth estate recovery can be devastating,” said Katherine Howitt, Director of the Massachusetts Medicaid Policy Institute. “While MassHealth recently reformed its estate recovery program to reduce the impact on its members, there is more that Massachusetts can do to limit the harm from this policy.”

The report is available online at the following link:

<https://www.bluecrossmafoundation.org/publication/holding-home-masshealth-estate-recovery>

About the Blue Cross Blue Shield of Massachusetts Foundation

The mission of the Blue Cross Blue Shield of Massachusetts Foundation is to ensure equitable access to health care for all those in the Commonwealth who are economically, racially, culturally or socially marginalized. The Foundation was established in 2001 with an initial endowment from Blue Cross Blue Shield of Massachusetts. It operates separately from the company and is governed by its own Board of Directors. For more information, visit www.bluecrossmafoundation.org.