# Your Guide to the Medicaid Estate Recovery Program

TEXAS
Department of Aging and Disability Services

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## Medicaid Estate Recovery Program

Medicaid is a government program that pays for health care for people with limited incomes. Some of these services are provided to people as they grow older. Medicaid pays for services that help people stay in their own home. It also pays for people to move to a nursing home, if that is what they need.

To help pay for these long-term services, every state must have a Medicaid Estate Recovery Program (MERP). If you received Medicaid long-term services, the State of Texas has the right to ask for money back from your estate after you die. In some cases, the state may not ask for anything back, and the state will never ask for more money back than it paid for your services.

***What is an estate?***

An estate is property, such as money, a house, or other things of value that a person leaves to family members or others (heirs) when he or she dies. MERP does not apply to all property that a person may own.

Here are some examples of property that the state will not collect on:

- Life insurance policies that name a person to receive the payment,
- Bank accounts that are paid on death to another person.

### ***Who does MERP affect?***

This program applies only to:

- Services provided to people who are age 55 years or older, and
- People who apply for the long-term care services on or after March 1, 2005.

MERP does not affect people on Medicaid who received these services before March 1, 2005.

MERP applies to only some of the Medicaid long-term services such as nursing home care and some in-home services. If you want to know whether estate recovery applies to the services that you are interested in, you can call the toll-free number in this brochure.

### ***Are there times when the state will not ask for money back?***

Yes, the state will not ask for money when:

- There is a spouse who is still alive.
- There is a child under 21 years of age.
- There is a child of any age who is blind or permanently and totally disabled.
- The value of the estate is $10,000 or less.
- The amount of Medicaid costs is $3,000 or less.

- ✦ There is an unmarried adult child who lived full-time in the Medicaid person's home for at least one year before this person died.
- ✦ The cost of selling the property is more than the property is worth.

Also, the state will not ask for money when this would cause an undue hardship for the heirs.

***How does the state define undue hardship?***

The state may consider it a hardship when:

- ✦ The estate property was a family business, farm, or ranch for at least 12 months before the person on Medicaid dies, and is the main source of income for the heirs.
- ✦ The heirs would need financial help from the government if the state files a MERP claim to get money back.
- ✦ The heirs could stop getting financial help from the government if the state does not file a MERP claim.
- ✦ The person who died received services because he or she was a crime victim.
- ✦ There are other circumstances that may create a hardship.

One type of hardship applies just to the home. If the value of the homestead is under $100,000, and if one or more of the heirs have family income under a certain amount, the state may not ask for money back. In 2006, this income limit for one person is $29,400. For a family of four, it is

$60,000. These figures are adjusted each year.

The state will not grant a hardship request unless the person's heirs ask for it, and provide proof of the hardship.

If the estate has debts such as funeral costs, legal costs, or a home mortgage, those costs are paid first before a MERP claim is paid.

***Will the state ever reduce the amount owed?***

Yes, if money is spent to maintain a person's home while he or she is in the nursing facility, these costs can be deducted from the MERP claim. If money is spent to pay for care that helps keep the person living at home for as long as possible before entering the nursing home, those costs can be deducted as well.

The heirs must have receipts to show what was spent on the person's home or services when they ask the state to deduct these amounts from the MERP claim.

***How does this program work?***

When a person applies for Medicaid and long term services, the state provides a notice that explains MERP. When the person dies, the state sends a different notice to the estate representative or heirs to let them know that the state intends to file a claim. The notice will ask the representative for information so the state can decide whether to file a MERP claim.

***How can I get more information on Medicaid estate recovery?***

For more detailed information on this program, call the Department of Aging and Disability Services (DADS) toll-free number at **1-800-458-9858**. This line is answered 8 a.m. – 5 p.m., Monday through Friday. Voicemail is available 24 hours a day.

You may also visit the DADS website at:

**www.dads.state.tx.us/services/estate_recovery/.**

And you may e-mail questions to:

**merp@dads.state.tx.us**

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