

Judiciary Committee
LB 542
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Good afternoon, Senator Ebke, and members of the Judiciary Committee. My name is Calder Lynch C-A-L-D-E-R L-Y-N-C-H and I am the Director of the Division of Medicaid and Long Term Care in the Department of Health and Human Services (DHHS). I am here to testify in support of LB 542. Thank you, Senator Kuehn, for introducing this bill and working with the Department to broaden the scope of Medicaid estate recovery.

Federal law requires state Medicaid programs to recover certain Medicaid benefits paid on behalf of a member. While states are required to seek recovery of payments from the individual's estate for nursing facility services, home and community-based services, and related hospital and prescription drug services, they have authority to determine what assets they seek payment from and whether they wish to recover payments for other Medicaid services. Current state law limits the recovery efforts as well as what assets are recoverable.

LB 542 strengthens Medicaid estate recovery to include additional assets and modernizes the methods of recovery efforts which would improve the accuracy, efficiency and stability of the estate recovery efforts while increasing the amount of recovered Medicaid funds for the state.

Some changes to state law in this bill include:

- Expanding the assets from which the state can recover, including payable-on-death accounts and life insurance policies held at the time of death.
- Stipulating that when a Medicaid recipient dies and owns assets, the reimbursement to Medicaid would be enforced through liens.
- Preventing fraudulent reporting by stating that intentional failure to disclose assets when applying for assistance would result in immediate repayment of any assistance received.

This bill also seeks to modernize communication in estate recovery by specifying that notices of death can be submitted to DHHS electronically. This improves efficiency and ease of use for providers and the State. However, to ensure accuracy, the bill clarifies notices will only be valid if they are submitted in accordance with directives issued by DHHS.

Thank you for the opportunity to testify before you today. LB 542 will increase the amount of Medicaid funds returned to the state and improve the methods of pursuing the recovery. We believe LB 542 will help DHHS continue in our mission of helping people live better lives. I'm happy to answer any questions you may have. Also with me is Department attorney Nate Watson, who will be able to answer any of the more technical questions that you might have about this bill.