

# HB4343: Improve Race and Income Equity by Easing Financial Burdens on Older Adults and People with Disabilities on Medicaid

Sponsor: House Majority Leader Greg Harris

This bill proposes changes that Illinois can make now to encourage Medicaid enrollment, make Medicaid more affordable, and protect housing and economic stability while closing the state's racial wealth gap. [HB 4343](#) benefits both enrollees and the state: it ensures eligible individuals stay in coverage by minimizing churn on and off Medicaid as well as reducing administrative burden and cost to the state.



## The bill accomplishes the following:

1. Reduces the inequitable consequences to recipients and the administrative burden on the state of Medicaid liens and estate recovery by ending mandatory liens, setting a threshold for estate recovery, and allowing more generous hardship waivers.
2. Requires the Department of Healthcare & Family Services (HFS) to maximize ex parte renewals, reducing administrative burdens for Medicaid members and state agencies.
3. Requires streamlined Medicare Savings Program (MSP) eligibility rules to increase efficiencies that will enable low-income older adults and people with disabilities to get the financial assistance to which they are entitled to afford their Medicare premiums.
4. Makes the current Medicaid adult continuous eligibility policy permanent.

## **#1 Estate Recovery and Liens:**

Federal law requires state Medicaid programs to seek repayment of certain benefits upon a recipient's death, even though the enrollee was fully eligible for those benefits. Illinois achieves this by placing a lien (i.e., a legal claim) on the property of certain Medicaid participants who are in nursing homes, and by pursuing estate recovery against the heirs of a deceased participant.

Liens and estate recovery can force the sale of a family home that otherwise would have been passed down upon the participants' death. This hampers the ability of participants' families -- particularly people of very modest means and communities of color -- to build generational wealth through homeownership. [See \*Medicaid Estate Claims: Perpetuating Poverty & Inequality for A Minimal Return, Justice in Aging\* \(Apr. 2021\).](#)

Illinois has the authority to ease these burdens, and HB4343 does so in two main ways:

- **Ending liens.** Illinois currently places a lien on a nursing home resident's home while they are still alive. Unlike estate recovery, liens are not federally mandated, and 23 states (including DC) no longer pursue liens.
- **Creating more robust Medicaid estate recovery waivers.** HFS currently grants certain families hardship waivers from estate recovery. HB4343 will expand the bases for waiver, by requiring that the Department:
  - Adopt a **cost-effectiveness threshold** to not pursue estates with less than \$25k.
  - **Codify and expand its existing undue hardship waivers** to exempt from recovery income-producing assets, such as family farms, barbershops, etc., and homes of modest value, while keeping existing exemptions (such as where estate recovery would cause a family member to become eligible for public benefits).

- **Make information about hardship exemptions more accessible.**

These recommendations are nationally recognized best practices as outline in Chapter 3 of MACPAC’s March 2021 report, [Medicaid Estate Recovery: Improving Policy and Promoting Equity](#).

### **#2 Ex Parte Redetermination:**

HFS already authorizes certain categories of Medicaid participants to be renewed by an ex parte redetermination (also called ‘ex parte renewal’). This means that HFS uses approved electronic data sources to verify a client’s ongoing eligibility. But according to HFS reports,<sup>1</sup> each month about 30,000-50,000 cases -- about one-third of all cases -- are unable to be renewed ex parte because they are in the “Aged, Blind and Disabled” program or have no income. As a result, Illinois’ most at-risk people—those without employment income, people with disabilities, older adults, and people experiencing homelessness—are required to complete and submit to the state additional paperwork for a caseworker to process to extend coverage.

HB4343 ensures that HFS takes full advantage of this ex parte process to reduce the risk of failed redeterminations for issues other than actual eligibility—e.g., missing mail or lack of access to technology. It requires HFS to use its asset verification system (AVS) to accept the data provided about older adults’ and people with disabilities’ assets, and requires HFS to confer with federal CMS about achieving ex parte for people with zero income and for people experiencing homelessness.

### **#3 Medicare Savings Program:**

Illinois’ Medicare Savings Programs (MSPs) pay the out-of-pocket costs for the Medicare program and can save low-income older adults and people with disabilities literally hundreds of dollars in costs each month. But eligible people are often not alerted to their potential eligibility for MSPs, and then experience significant delays and burdens in being evaluated for MSPs. HB4343 requires the state to streamline MSP enrollment and conduct outreach to ensure this terrific resource for our communities can be accessed easily and efficiently.

### **#4 Adult Continuous Eligibility:**

Research shows that income fluctuations are common for adults on Medicaid, especially for people earning low wages. Prior to the COVID-19 Public Health Emergency, adults with Medicaid coverage were required to continuously submit paperwork for any temporary income changes, risking loss of coverage for short periods of time. We learned from the pandemic that continuous eligibility can stabilize communities by reducing “churn” (temporary loss of coverage within a short period of time.) Churn also has a cost to state budgets (\$400-600 per enrollee<sup>2</sup>) and can result in a loss of access to prescription drugs, care, or treatment, leading to unnecessary and higher health care costs in the long run. This bill would make the current practice of continuous eligibility for adults permanent.



Contact **Carrie Chapman** with questions: 312-605-1981  
cchapman@legalcouncil.org

<sup>1</sup> See “Eligibility Reports” available at <https://www2.illinois.gov/hfs/info/reports/Pages/default.aspx>.

<sup>2</sup> “Evaluating State Options for Reducing Medicaid Churn,” <https://www.ncbi.nlm.nih.gov/pmc/articles/PMC4664196/>.