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## Appropriations Committee

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### HB 2304

**Brief Description:** Recovering debts owed to the state for medical assistance.

**Sponsors:** Representatives Sommers, McCoy and Williams; by request of Office of Financial Management.

Brief Summary of Bill
<ul style="list-style-type: none"><li>• Directs the Department of Social and Health Services (DSHS) to place liens on the property of clients who receive public assistance prior to their death, if their condition is such that they are unlikely to be discharged from a medical institution or return home.</li><li>• Expands the statute of limitations for the DSHS to collect overpayments and other debts due to the DSHS from six to 20 years.</li></ul>



**Hearing Date:** 3/28/05

**Staff:** Bernard Dean (786-7130).

#### Background:

The Department of Social and Health Services (DSHS) recovers the cost of publicly-funded long-term care and medical assistance expenses from the estates of deceased clients who received such services. In accordance with state and federal law, the DSHS places liens on the property of deceased clients following their death. Recovery is deferred while there is a surviving child who is residing in the home and is under age 21, blind, or disabled. Recovery is also deferred until the death of a surviving spouse.

The DSHS cannot collect overpayments or other debts due to the DSHS six years after the DSHS gives notice of such overpayments or debts.

A homestead, which is the property an owner uses as a residence, is exempted from attachment, execution, and forced sale for the owner's debts up to \$30,000. Judgments against a homestead owner that are greater than \$30,000 become liens on the value of the homestead in excess of the homestead exemption.

#### Summary of Bill:

When an individual who holds a title to real property receives public assistance, the DSHS may provide the county clerk with a request for a notice of transfer or encumbrance of the real

property. Title insurance companies or agents that discover a request for such a notice of transfer or encumbrance are required to notify the DSHS within 30 days of a transfer or encumbrance that results in the issuance of a certificate of title insurance.

The DSHS is directed to place liens on the property of clients who receive public assistance prior to their death. In accordance with federal law, such liens may be authorized if a client's condition is such that they are unlikely to be discharged from a medical institution or return home.

A homestead exemption will not be available against an execution or forced sale to satisfy a judgment obtained on debts owed to the state for the recovery of medical assistance costs.

The statute of limitations for the DSHS to collect overpayments and other debts due to the DSHS is changed from six to 20 years from the date of notice of such overpayments or debts.

The DSHS liens for recovery of medical assistance costs will be enforceable against a decedent's life estate or joint tenancy interest in real property immediately prior to the decedent's death. The value of the life estate subject to the lien will be the value of the decedent's interest in the property subject to the life estate immediately prior to the decedent's death. The value of the joint tenancy interest subject to the lien will be the value of the decedent's fractional interest the recipient would have owned in the jointly held interest in the property had the recipient and the surviving joint tenants held title to the property as tenants in common on the date of the recipient's death.

**Appropriation:** None.

**Fiscal Note:** Requested on March 24, 2005.

**Effective Date:** The bill takes effect 90 days after adjournment of session in which bill is passed.