



# Seven County Senior Federation

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DATE: Monday, March 7, 2022

TO: Civil Law and Data Practices Policy Committee of the Minnesota Senate

FROM: Lisa A. Krahn, Executive Director *LAK*

RE: Welfare/Capitation Data Destruction bill, Senate File 182

This letter strongly supports **Senate File 182**. While the true remedy to estate recovery of Medicaid funds would be a federal action, this targeted State action will be an effective remedy for a specific set of Minnesotans harmed due to non-disclosure.

This bill will destroy records for those age 55+ who signed up for health coverage via MNSure and were declared eligible for Medical Assistance (Medicaid) between January 1, 2014, and June 30, 2016. Enrollees during this period were not advised by the MN Department of Human Services about their estates' potential liability to Medicaid recovery. The fact of non-disclosure during this period is not in question. The **need to retain the records** is, and this bill would allow the State to extinguish the possibility of estate recovery based on these records.

Interestingly, estate recovery is an externalization of the damage to our health care resources caused by managed care plans' payment by **capitation**. Without capitation [the "premium" the MN Department of Human Services pays to a private managed care plan for each enrollee each month of enrollment], the liens in question for *actual healthcare* between 1/1/2014 and 6/30/2016 would be trivial amounts. Instead, the accumulation of months of capitation is so significant that it looms large for its victims.

In a metaphorical sense, estate recovery is akin to an air pollution affecting the air for every breathing being but reserving its most harmful effects for those who are most vulnerable, thus **deepening basic inequality**. Households with relatively modest resources are subject to the brutality of estate recovery, losing the lifetime of wealth accumulated in their modest-value land, farms and homes that could be passed to heirs. Households with the most resources tend to purchase protection from Medicaid recovery in the form of trusts, long-term care insurance and other schemes designed to protect private estates.

The threat of a future Medicaid recovery, no matter how distant, hangs over all estates and makes planning challenging. One noble goal is to eliminate Medicaid recovery at the federal level. But while waiting for federal action, states are able to take the lead to protect their own at risk.

When passed, Senate File 182 will destroy the data and extinguish the possibility of a Medicaid recovery for a specific set of Minnesotans harmed during the aforementioned non-disclosure period, several of whom are **members** of our organization. Thank you.